Chapter 6

Behavioral Intention Towards Mobile Banking in India: The Case of State Bank of India (SBI)

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ABSTRACT

The rapid growth of mobile technologies and devices makes it possible for the customers of banking services to conduct banking at any place and at any time. Today, most of the banks in the world provide mobile access to its customers for banking as mobile banking systems improve their efficiency and reduce transaction costs. Banks invested heavily in the mobile banking system hoping that its customers would embrace it with open arms. Contrary to the expectation, the lukewarm patronage to mobile banking makes it crucial to understand the factors that contribute to users’ intention to use mobile banking. This study extends the applicability of technology acceptance model (TAM) to the mobile banking context. Based on the review of literature, few additional constructs were added to the TAM. Structural equation modeling (SEM) was used to test the casual relationships proposed. Findings of the study support the proposed model’s ability of explaining the users’ intention to adopt mobile banking.

INTRODUCTION

In the last two decades, service industry has witnessed tremendous changes in the way business is conducted while comparing to the previous era. Convergence of technologies has made the distribution of services more convenient than ever before. Automatic Teller Machines, bill payment kiosks, internet based services and phone based services (both voice and text), automated hotel check out, automated check-in for flights, automated food ordering system in restaurants, vending
machines, Interactive voice response systems are examples of technology based service delivery channels. In case of retail banking, banks have traditionally delivered services through face-to-face interactions with consumers at branch offices (Lee, 2002). But traditional delivery channels are being challenged and complemented by new electronic channels (Meuter et al., 2000; Morrison et al., 1998). The new electronic channels are Automatic Teller Machines (ATM), Internet. The most recent addition to the existing electronic channels is Mobile banking. M-banking is defined as provision and availment of banking services with the help of mobile telecommunication devices such as mobile phones (Mallat et al., 2004).

Recent statistics indicate that, the number of mobile phone users in India is 584.32 Million as of March 31, 2010 (Telecom Regulatory Authority of India, 2010) and expected to grow further at a brisk rate. Rapid proliferation of mobile phones and recent advancement in wireless technology could definitely be a catalyst for mobile banking. However, research shows a poor linkage between growth in sales of mobile phones and advanced mobile services (Blechar et al., 2006). Mobile banking services in India are still in the nascent stage, promising to be medium to reach the unbanked rural mass which stands at 41%. The transaction volumes with mobile banking are very low (Chakrabarty, 2010). As technology started to occupy the center stage of banking services delivery today, it becomes imperative to understand users’ acceptance of mobile banking and to identify the factors affecting their intentions to use mobile banking. This information can assist developers in the building of mobile banking systems that consumers want to use, or help them discover why potential users avoid using the existing system. While a growing body of literature exists, limited empirical evidence indicates how people perceive mobile banking in India, what factors influence Indian user’s adoption of mobile banking.

The objective of this paper is to investigate factors that influence SBI customers’ adoption of mobile banking. For the purpose, the foundational and classical Technology Acceptance Model (TAM) (Davis, 1989) has been chosen as the base model. The TAM used for this study is modified to incorporate the factors related to the mobile banking context because in the original TAM model, perceived usefulness and perceived ease of use are addressed as the most important constructs in predicting information system (IS) acceptance in the work environment.

The next section provides the overview of State Bank of India (SBI) and its mobile banking services. We then present the research model and hypotheses. Then analytical results are reported in the ensuing section. The final sections present the conclusions and discuss the implications of the findings of this research.

**Overview of State Bank of India (SBI) and its Mobile Banking Service**

The State Bank of India is the largest commercial bank in India in terms of profits, Assets, deposits, branches and employees. The evolution of State Bank of India can be traced back to the first decade of the 19th century. After few amalgamations and redesignations it has got its name and establishment by the act of the parliament of India. The corporate center of SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center, and the bank boasts of having as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. It is recorded that SBI has about 10000 branches, well networked to cater to its customers throughout India. In addition to banking, through its various subsidiaries, it also provides a whole range of financial services, which include life insurance, merchant banking, mutual funds, security trading, pension fund management and primary dealership in the money market. It operates in four business segments: Treasury, Corporate/Wholesale Banking, Retail Banking
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